

**CITY OF WHITTIER, ALASKA
RESOLUTION 2022-004**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WHITTIER, ALASKA, APPROVING THE ESSENTIAL TERMS AND CONDITIONS OF A LEASE BETWEEN THE CITY OF WHITTIER AND A WHOLLY OWNED SUBSIDIARY OF HUNA TOTEM CORPORATION TO BE FORMED, AND AUTHORIZING THE CITY MANAGER TO ENTER INTO ALL NECESSARY AGREEMENTS WITH THE PARTIES INCORPORATING THE ESSENTIAL TERMS APPROVED IN THIS RESOLUTION

WHEREAS, the City of Whittier is the owner of certain tideland and upland property at the Head of the Bay in Whittier, Alaska which Huna Corporation, through its wholly-owned subsidiary of Huna Totem Corporation, yet to be formed, desires to lease for the purpose of constructing a cruise ship dock, terminal building and upland amenities, and

WHEREAS, Huna Totem Corporation is a world-class cruise ship port operator having been recognized as Port of the Year in 2020 in the Seatrade Cruise Awards, for its port development at Icy Strait Point in Hoonah, Alaska and having an established industry track record and financial means to successfully manage a cruise ship port operation in Whittier; and

WHEREAS, the City of Whittier and Huna-Totem Corporation intend to partner in developing a cruise ship facility which not only supports sustainable tourism and promotes responsible economic growth, but values environmental stewardship and recognizes the need to protect the pristine beauty of the natural environment of Prince William Sound; and

WHEREAS, this lease is expected to positively impact the revenue base of the City through additional cruise passenger vessel tax proceeds, increased property and sales tax revenues, and other related revenues, which can provide much-needed funding to address significant public infrastructure needs in Whittier, a community which lacks a tax base due to the significant amount of non-taxable land within its boundaries; and

WHEREAS, the pertinent provisions of the lease include but are not limited to: 1) a guaranteed minimum annual lease payment with CPI-adjusted rate increases every five years not to exceed 12.5%; 2) an initial 35-year lease term; 3) two optional extensions; 4) environmental protections including public beach access, mitigating impacts to air, noise, water pollution, etc.; 5) development of a community-driven tourism best practices program aimed at identifying potential adverse impacts to traffic, trails, residents, wildlife, excursions, parking, etc. with specific measures aimed at avoiding problems in advance of operation; 6) insurance and tax exemption provisions; and 8) requirement to maintain local management to handle business operations on the leasehold premises, with the authority to make business and management decisions;; and

WHEREAS, at the expiration or earlier termination of the lease, the improvements on the Leasehold Premises will either become City property or the City can elect to require the demolition of facilities, at the City's discretion; and

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WHEREAS, the lessor will install at lessor expense, all internal utilities necessary to support the operation of a cruise ship dock and upland facilities, and agrees to work with its cruise line partners to investigate the feasibility of installing future shore power, to meet the cruise industry goal of reducing carbon emissions, and to provide incidental benefits to the City; and

WHEREAS, the parties acknowledge that under the law, one City Council cannot take actions to bind a future City Council, such as actions to prohibit a future City Council from making changes to financial contractual terms, whether that be the imposition of increased taxes or other financial burdens; however, the parties wish to acknowledge that they have conducted good faith negotiations and desire that the long-term financial interests of both parties are preserved and not diminished; and

WHEREAS, the Whittier City Council hereby finds that the public interest is best served by allowing for a lease having a term of longer than twenty (20) years based on the purpose of the lease for use in operating and managing a cruise ship terminal and dock facility, and the positive economic contribution of this activity to the community, as well as the specific nature and value of the property improvements placed on the leasehold premises, which will revert to the City at the conclusion of the amended and restated lease.

NOW, THEREFORE, the Whittier City Council hereby resolves that:

Section 1. Whittier City Council hereby approves the lease of the Property between the City of Whittier and Huna-Totem Corporation, through its wholly owned subsidiary yet to be named, subject to and conditional upon the following essential terms:

Term A: The parties agree to execute lease documents having the same essential terms as presented to the City Council.

Term B: Huna-Totem Corporation through its wholly-owned subsidiary yet to be named will record, at its own cost and expense, a Memorandum of Lease for the Head of Bay Tidelands and Uplands— Cruise Parcel (2022) Lease Agreement upon final determination of legal property descriptions.

Section 2. City Council hereby declaring a public interest finding based on the purpose of the lease insofar as it contributes significantly to increased economic activity of the City, and due to the significant value of dock and cruise terminal facility infrastructure on City land, in accordance with Whittier Municipal Code 3.36.320 - Terms of Lease, as the same may be amended or renumbered from time to time.

Section 3. The City Manager is hereby authorized, empowered and directed to execute and deliver to the counterparties the lease and any memorandum of lease on behalf of the City after final review and approval as to form by the City Attorney, and to make any non-essential changes,

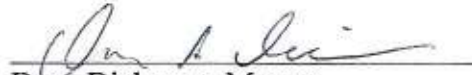
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modifications, additions and deletions therein as shall to such officer seem necessary, desirable or appropriate, the execution thereof to constitute conclusive evidence of approval of any and all changes, modifications, additions or deletions therein from the form and content of the said documents now before this meeting, and from and after the execution and delivery of the said documents, the City Manager is authorized, empowered and directed to do all acts and things and to execute all documents as may be necessary to carry out and comply with the provisions of the said lease as executed.

Section 4. This Resolution shall be effective immediately upon adoption.

PASSED AND APPROVED by a duly constituted quorum of the Whittier City Council on this 22nd day of February, 2022.

THE CITY OF WHITTIER, ALASKA


Dave Dickason, Mayor

AYES: Blair, Shen, Wagner, McCord, Dickason

NAYS: Denmark, Pinqouch

ABSENT: None

ABSTAIN:

ATTEST:


Jackie C. Wilde
Assistant City Manager